(c) and (d) The National Common Minimum Programme mandates the Central Government to increase the tax-GDP ratio, by undertaking major tax reforms that expand the base of tax payers, increase tax compliance and make tax administration more efficient. In pursuance of this mandate, Central Government has initiated a series of measures which, *inter alia,* include widening the tax base through phased removal of exemptions, increased coverage under service tax, special drive to realise tax arrears through setting up of Task Forces, emphasis on voluntary tax compliance, expansion of Tax Information Network, digitization of the tax administration, reducing customs duty rates to the levels of East Asian countries to make Indian manufacturers more competitive, rationalising excise duty structure so as to move towards a single CENVAT rate, moving towards integrating the tax on goods and services and providing relief to income tax payers in the form of higher exemption limits, scaling up tax brackets and providing flexibility in choice of savings instruments.

Policies regarding revenue generation

1631. SHRIMATI BIMBA RAIKAR: Will the Minister of FINANCE be pleased to state:

(a) whether the increase in tax collections during 2003-04 is attributed mainly to pre-assessment collections and does not reflect the assessment/investigation/recovery skills of the IT workforce;

(b) whether the Central Board of Direct Taxes (CBDT) is constantly fulfilling the conditions laid down in its MoU with Government in regard to increased revenue generations; and

(c) whether in many Commissionerates more than 4000 posts of inspectors and below categories remained unfilled for long and sanctioned strength curtailed in tax recovery units?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) No, Sir. The increase in direct tax collections during 2003-04 is attributable to both pre-assessment and post-assessment collections. In fact, in 2003-04, the growth in post-assessment collections over 2002-03 was 48.23% compared to the

growth of 21.03% in pre-assessment collections in the same period. Moreover, pre-assessment collections are also made substantially through the efforts of the workforce of Income Tax Department including monitoring of advance tax, enforcement of TDS provisions, conducting searches and surveys, extending taxpayers services etc.

(b) Though no MoU has been signed between CBDT and the Government, the assurances given by CBDT to the Cabinet with regard to increased revenue generation have been fulfilled.

(c) A total of 8310 posts of Inspectors and below categories were vacant as on 1.1.2005. However, there has been no curtailment in the sanctioned strength of the tax recovery units.

Decline in profits of banks

1632. PROF. SAIF-UD-DIN SOZ: Will the Minister of FINANCE be pleased to state:

(a) whether he is aware that out of 27 public sector banks, 16 have reported a fall in net profits;

(b) whether he has looked into this problem; and

(c) if the answers to parts (a) and (b) above be in the affirmative, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (c) Yes, Sir. Net profits of some public sector banks have declined during the year 2004-05 *viz-a-viz* year 2003-04 primarily because of increased provisioning for NPAs due to revised guidelines of RBI, provision for arrears on accounts of wage revision, depreciation on investments, hardening of yield on Government securities and resultant fall in treasury income etc. However, the Government has advised the Public Sector Banks to submit a Statement of Intent on Annual Goals for the financial year 2005-06, which includes quantitative and qualitative targets on various performance parameters *viz*. Capital Risk Adequacy Ratio (CRAR), earning per share, growth in business, priority sector lending, NPAs, profitability, improvement in risk management practices, use of technology, special efforts in reaching out to the under-privileged etc.